

NCR comments: Cabonline Group Holding AB (publ) 2020Q1 report

NCR has a 'CCC' issuer rating on Cabonline and its outstanding senior secured bond. The outlook is Watch Developing. We expect to resolve the Watch within the next ten weeks.

The following is a summary of Cabonline's first quarter results and does not reflect a rating action.

Quarter results partially affected by COVID-19

Cabonline reported revenues of SEK 1.4bn in Q1/20, down 6% from SEK 1.5bn in Q1/19, with organic growth reduced by 13.8%. The adjusted EBITA margin of 3.1% is at the same level as FY 2019, but down from 4.1% in Q1/19. With 12 month rolling adjusted EBITDA/net debt of 5.8x, the company was well within the leverage maintenance covenant as of 31 Mar. 2020. As the COVID-19 effect was first visible during March, we expect the covenant to be under pressure for Q2/20. Cabonline had SEK 317m in liquid assets as of 31 Mar. 2020 having fully drawn the revolving credit facility of SEK 125m. Negative equity has increased to SEK -333m as of 31 Mar. 2020, from SEK -269m at year-end.

Increasing pressure into second quarter

Cabonline reports a significant drop in demand for its services, resulting in significantly reduced EBITDA prospects for Q2/20. The company has entered into new agreements regarding home delivery, transportation services for health personnel and COVID-19 tests, as well as utilising relevant government support systems for both the company and its franchise takers. Despite its efforts, the company is in discussions with bondholders with the aim of receiving a covenant holiday, or adjusting the current covenant, for the leverage maintenance test. The company expects to finalise these discussions during third quarter 2020. The company reports Q2/20 and the corresponding compliance certificate 20 Aug. 2020.

This commentary does not reflect a rating action.

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About Us

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Attachments

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